

ASSEMBLY BILL

No. 376

Introduced by Assembly Member Nava

February 23, 2009

An act relating to greenhouse gas emission offsets.

LEGISLATIVE COUNSEL'S DIGEST

AB 376, as introduced, Nava. Voluntary greenhouse gas emission offsets.

Existing law creates a statewide greenhouse gas emission limit equivalent to what the statewide greenhouse gas emissions level was in 1990, to be achieved by 2020. The State Air Resources Board is the state agency charged with monitoring and regulating sources of greenhouse gases in order to reduce emissions of greenhouse gases.

This bill would state the intent of the Legislature to enact legislation to provide protections for consumers of voluntary greenhouse gas emission offsets, including both businesses and individuals, and help ensure that their participation in the market brings the expected environmental benefits.

Vote: majority. Appropriation: no. Fiscal committee: no.
State-mandated local program: no.

The people of the State of California do enact as follows:

- 1 SECTION 1. (a) The Legislature finds and declares all of the
- 2 following:
- 3 (1) Global warming poses a serious challenge to public health,
- 4 the environment, and the economy.

1 (2) With increasing concern regarding global warming, there
2 has been an increase in the advertising, sale, and transfer of
3 greenhouse gas emission reduction credits, offsets, and similar
4 products designed to allow individuals or entities, or both, to
5 purchase emission reduction credits in lieu of actually making
6 those reductions themselves.

7 (3) The market for the trading of voluntary greenhouse gas
8 emissions offsets exceeds three hundred fifty million dollars
9 (\$350,000,000) and represents a reduction of over 70,000,000
10 metric tons of carbon dioxide equivalents annually.

11 (4) A significant amount of retail voluntary greenhouse gas
12 emissions offsets are purchased by California residents, businesses,
13 and government agencies.

14 (5) Some voluntary offsets sold to retail customers are certified
15 as being real, measurable, and verifiable. However, there are
16 numerous public and private entities that create and certify offset
17 projects, and these entities may apply different standards to projects
18 with inconsistent results, generating confusion at the customer
19 level.

20 (6) In addition, concerns have been raised about instances of
21 potential fraud or misrepresentation in the voluntary offset market,
22 which is difficult to address in the absence of clear standards for
23 retail offsets.

24 (7) The purchase and sale of voluntary offsets at the retail level
25 represents an important opportunity for all Californians to take
26 part in projects that immediately reduce California's greenhouse
27 gas emissions and bring important additional local benefits to
28 California communities.

29 (8) Consumers and other members of the public have few
30 protections or standardized methods by which to ensure that they
31 are purchasing or obtaining emission reduction credits that actually
32 reduce greenhouse gases, reduce global warming, and improve the
33 environment.

34 (9) The voluntary offset market will continue to grow along
35 with the compliance market for a variety of reasons, including all
36 of the following:

37 (A) Voluntary project protocols take less time to adopt than
38 compliance protocols and could serve as a testing ground for
39 compliance grade offsets.

1 (B) Voluntary credits have a lower cost than compliance offsets
2 and offer consumers an alternative to compliance grade project
3 prices.

4 (C) Voluntary credits offer opportunities abroad and provide
5 access to a larger range of reductions and emission reduction
6 projects.

7 (b) It is the intent of the Legislature to enact legislation to
8 provide protections for consumers of voluntary greenhouse gas
9 emission offsets, including both businesses and individuals, and
10 help ensure that their participation in the market brings the expected
11 environmental benefits.